Message Text

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INFO OCT-01 IO-13 ISO-00 STRE-00 AF-10 ARA-10 EA-10 EUR-12 NEA-11 OIC-02 AGRE-00 CEA-01 CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01 DOE-15 OES-07 /176 W

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P 131719Z JUN 78 FM USMISSION GENEVA TO SECSTATE WASHDC PRIORITY 0797 INFO AMEMBASSY OTTAWA

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USMTN

ACTION STR PASS ELECTRICALLY

STR PASS CODEL COMMERCE PASS NOAA

E.O. 11652: N/A TAGS: MTN, ETRD, CA

SUBJECT: U.S. CANADA BILATERAL ON FISHERY PRODUCTS-JUNE 9

1. U.S. DEL HAD BILATERAL SESSION WITH CANADA ON JUNE 9 TO DISCUSS EACH OTHERS OFFERS AND REQUESTS IN THE FISHERY SECTOR. AS A RESULT OF THE MEETING BOTH SIDES OBTAINED A CLEARER PICTURE OF RELATIVE PRIORITIES, PROMISED TO STUDY FURTHER POSSIBLE PROGRESS IN THE AREAS OF SALMON, HERRING AND CRAB, AND EXCHANGED VIEWS ON THE IMPORTANCE OF OPENING UP EC AND JAPANESE MARKETS. CANADIANS REEMPHASIZED THE POLITICAL IMPORTANCE AND REGIONAL SIGNIFICANCE WHICH THE FISHERY SECTOR HAS FOR CANADA. WHILE NOTING THE CANADIAN LIMITED OFFICIAL USE

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CONCERNS, THE U.S. INDICATED THAT POLITICAL SENSITIVITY IN THIS AREA EXISTED ON BOTH SIDES OF THE BORDER.

2. U.S. DEL (HAMERSCHLAG) INCLUDED TWO FISHERY EXPERTS FROM WASHINGTON, SLAVIN AND KORHONEN OF NOAA. CANADIAN DEL (DENIS) ALSO HAD FISHERY EXPERT FROM OTTAWA PRESENT. IN COMMENTING ON PRIORITIES, CANADIANS GAVE HIGHEST PRIORITY

TO THEIR REQUEST FOR DUTY ELIMINATION ON GROUNDFISH FILLETS (TSUS 110.50 AND 110.55). HIGH PRIORITY WAS ASSIGNED TO HERRING (TSUS 112.12 AND 112.46), SALMON (TSUS 111.48, 111.88 AND 112.18), FISH STICKS (TSUS 113.20 AND 113.25) AND CRABMEAT (TSUS 114.15). SARDINES (TSUS 112.82), FROZEN MACKEREL (110.28 AND YELLOW PERCH (110.65) WERE ACCORDED A SLIGHTLY LOWER PRIORITY. ALL OTHER ITEMS ON THE CANADIAN REQUEST LIST WERE GIVEN LESSER PRIORITIES WITH THE TUNA ITEMS AT THE BOTTOM.

3. DISCUSSION OF THE MAJOR PRODUCT CATEGORIES WERE AS FOLLOWS:

A. GROUNDFISH FILLETS. WHILE NOTING CANADIAN INTEREST, U.S. POINTED OUT ALREADY LOW RATE, WELL-KNOWN PROBLEMS (NOT BEING DISCUSSED IN THIS BILATERAL), AND FACT THAT IMPORTANT SUPPLIER, EC, HAD MADE NO FISHERY OFFERS.

B. CANNED SALMON. CANADA INDICATED IT WAS PREPARED TO MOVE FURTHER THAN ITS CURRENT 5 PER CENT OFFER ON 12302-1 AND AGREE TO A 3 PER CENT RATE IF THE U.S. WOULD AGREE TO HARMONIZE RATES AT THAT LEVEL. THE U.S. SAID IT WOULD CONSIDER THE PROPOSAL AND WOULD ALSO REVIEW THE OTHER CANADIAN SALMON REQUESTS.

C. HERRING. THE U.S. SAID THAT CANADA REQUESTS FOR TARIFF IMPROVEMENT WOULD BE LOOKED AT IN THE LIGHT OF CANADIAN ACTION ON THE U.S. REQUEST FOR AMENDMENT OF LIMITED OFFICIAL USE

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CANADA'S ATLANTIC COAST HERRING REGULATIONS WHICH RESTRICT EXPORT SHIPMENTS OF HERRING IN BULK. CANADA DEL SAID REGULATIONS WERE INSTITUTED BECAUSE OF FEAR THAT NON-CANADIAN HERRING IN BULK WOULD BE IDENTIFIED AS CANADIAN BUT WOULD NOT BE SUBJECTED TO CANADIAN STANDARDS REQUIREMENTS. CANADA WAS WILLING, HOWEVER, TO INVESTIGATE THE POSSIBILITY OF AMENDING THIS RESTRICTION.

D. CRAB. CANADA LINKED ITS OFFER ON EX 12700-1 FRESH CRAB TO U.S. MAKING AN DFFER ON 114.15, CRABMEAT, FRESH, CHILLED AND FROZEN ON WHICH JAPAN IS PRINCIPAL SUPPLIER AND NO U.S. OFFER HAS BEEN MADE. (CANADIANS LATER CONFIRMED THAT THEIR OFFER ON EX 12700-1 INCLUDES CHILLED AND FROZEN CRAB, AND THUS HAS THE SAME COVERAGE AS TSUS-114.15.

E. SARDINES. CANADIANS POINTED OUT THAT U.S. HAD A TOTAL EXCEPTION ON TSUS 112.82 AND ASKED WHETHER AN OFFER WAS POSSIBLE. U.S. DEL RESPONSE HELD OUT LITTLE HOPE, NOTING CANADIAN PRODUCT WAS IN DIRECT PRICE COMPETITION WITH MAINE SARDINE, AND MAINE INDUSTRY FACED UNCERTAIN FUTURE

F. FROZEN MACKEREL AND YELLOW PERCH. CANADIANS SAID U.S. OFFER MEANT VIRTUALLY NO CHANGE IN ALREADY LOW RATES AND ASKED FOR DUTY ELIMINATION. U.S. NOTED CANADIAN REQUEST.

G. FISH STICKS. CANADIANS POINTED TO RELATIVELY HIGH RATES FOR PROCESSED PRODUCT IN WHICH U.S. HAD STRONG COMPETITIVE POSITION AND FAVORABLE MARKET BASE. CANADA DEL PLACED GREAT EMPHASIS IN SECURING FURTHER IMPROVEMENTS OF THE U.S. OFFERS ON FISH STICKS. U.S. SAID IT WOULD CDNSIDER CANADIAN REQUEST.

H. MENHADIN OIL. U.S. STATED THAT CANADIAN OFFER OF 7.5 PER CENT WAS USEFUL AND HOPED IT WOULD BE MAINTAINED. LIMITED OFFICIAL USE

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4. CANADIANS RAISED CASES WHERE THERE WAS NO U.S. OFFER BECAUSE NOT REQUESTED BY PRINCIPAL SUPPLIER. U.S. RESPONDED THAT POSITION WAS NOT RIGID BUT ATTITUDE OF PRINCIPAL SUPPLIER WOULD PLAY MAJOR ROLE, PARTICULARLY IF THAT

SUPPLIER HAD MADE INADEQUATE FISH OFFERS.

5. U.S. AND CANADA DELS AGREED IT WAS IMPORTANT TO CO-OPERATE IN SECURING ADEQUATE FISHERY OFFERS FROM THE EC AND JAPAN. IN LATER SESSION WITH CANADIANS, U.S. FISHERY EXPERTS COMPARED REQUESTS LISTS AND FOUND ALMOST IDENTICAL INTERESTS FOR U.S. AND CANADIAN EXPORTS. WE AGREED TO MAINTAIN CLOSE CONTACT TO PURSUE THESE COMMON AIMS.

6. COMMENT: DEL BELIEVES BILATERAL WITH CANADA WAS EXTREMELY USEFUL, AND WE ARE GRATEFUL FOR HELP SUPPLIED BY NOAA. SESSION DEMONSTRATED U.S. WAS GIVING SERIOUS CONSIDERATION TO AN MTN ISSUE OF HIGH POLITICAL PRIORITY FOR CANADA AND CANADA DEL WAS APPRECIATIVE.

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7. DRAFTED BY HAMERSCHLAG. MCDONALD

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